



A tax break for Lockheed Martin?

Who hasn't heard of Lockheed Martin? This humongous defense contractor does \$17 billion in business with the federal government (the most of any corporate entity), is on pace to generate more than \$2 billion in profits this year and pays its CEO more than \$23 million a year. But how many Montgomery County residents know that Lockheed is begging for a local handout?

That's right. At a time when class sizes are being increased, union contracts can't be fully funded and libraries are taking huge hits, Lockheed Martin wants to avoid paying the county \$450,000 in annual hotel taxes for its 183-room accommodation in Bethesda. Earlier this year, LM won its argument at the state level, convincing legislators to write into a law an exemption from state hotel taxes for any lodgings "operated solely to support the headquarters, campus, training facility, or conference facility of the corporation that owns the facility, which offers lodging solely for that corporation's employees, contractors, vendors, or business invitees, and does not offer lodging to the public." (If you had trouble reading that, it means: If you're a huge corporation and own your own hotel for use by your own people, it's no longer considered a hotel.)

Guess how many such facilities exist in Montgomery County? You got it: only Lockheed Martin's. With the state's already having acquiesced to this corporate giveaway, it's the county's turn: Public hearings are scheduled to be held tomorrow (Sept. 21) on "Expedited Bill 44-10" as a companion to the state bill.

Of course, the giant corporation's motive is simply to thicken the lining of its own pockets. But state and local politicians need cover for their efforts to give Lockheed a hand, hence the two-part snow job I've been hearing:

1. If Lockheed has to pay this tax, it will increase the reimbursement rates it has to charge the federal government, meaning it will be less competitive in winning contracts against other huge corporations and will have to cut jobs in the county; and
2. Other giant corporations are watching whether we treat Lockheed nicely and will never come build their own private hotels in our neck of the woods if we don't do what Lockheed tells us to.

Parse the first argument. In \$17 billion worth of government deals, how many do you think are going to go down the tubes because of a local tax that amounts to 0.0026 percent of that business? Zero! So, LM is already getting your tax dollars by charging the federal government for its room-nights in Bethesda – that business is under no threat at all -- but now it essentially wants another half-million dollars of our money.

Now, to the second argument: How many giant corporations are being scared off by MoCo's oppressive hotel tax? Zero! It's not like they are lining up to build LM-like private accommodations to start with. The infinitesimal chance that another company ever will do so is a hypothetical in a future that has little to do with our cash-starved present. (And if that future ever arrives, such companies will be attracted to MoCo for reasons far more important than a hotel tax.)

Further, where do you think all those LM room nights would be going if the hotel weren't there? To all the other hotels and restaurants in the county that pay their taxes! LM is in competition with local businesses who are paying their share but wants an even greater advantage against them.

The only justification – ever – for corporate welfare is ironclad proof that the alternative is a net loss of wealth – in job losses and tax revenue – for the unwealthy. Not an iota of evidence exists in this case.

So why did state legislators get hoodwinked, and why is County Executive Ike Leggett pushing this bill just as hard as he campaigned against the so-called “millionaire's tax” two years ago? The only explanation I can come up with is that they are so used to spending time with corporate marauders that they've “gone native” and can no longer tell the difference between their rich friends' welfare and ours.

Do Leggett and the Maryland Democratic leadership really believe that multinationals and the ultra-wealthy are taxed too heavily? Follow such reasoning and you end up with a government that is underwritten solely by the poor and the middle class – exactly the vision promoted by the GOP and its ugly stepchildren in the Tea Party. But now spineless Democrats – like Leggett and (sadly) Chris Van Hollen – are falling all over themselves to bankrupt the treasury in support of reverse wealth transfer.

You don't have to be a peacnik to recognize the stench coming from the back rooms where our politicians are meeting with the leader of the military-industrial complex. All you need is a wee bit of fiscal common sense coupled with what used to be called Democratic values.

By Keith Berner | September 20, 2010; 4:28 PM ET